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USWEST

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Melissa Newman
Vice President - Regulatory Affairs

September 3, 1999

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

EX PARTE

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
445 Twelfth Street SW, TW-A325
Washington, D.C. 20554

CC Docket No. 96-98

Dear Ms. Salas:

On September 2, 1999, John Harwood and the undersigned, representing U S WEST, met with Commissioner Ness and Linda Kinney, Legal Advisor to discuss issues relating to UNE Remand proceedings.

Attached are the documents that were handed out at the meeting, and request that they be included with the record of the meeting.

In accordance with Section 1.1206(b)(2) of the Commission's Rules and Regulations, the original and one copy of this letter, are being filed with your office. Acknowledgment and date of receipt of this transmittal is requested. A duplicate of this letter is provided for this purpose.

Please contact me should you have any questions concerning this matter.

Sincerely,



Melissa Newman

Attachment

Cc: Linda Kinney

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“NECESSARY” AND “IMPAIR”

- In limiting the set of network elements that incumbents must unbundle (rather than mandating blanket access), Congress recognized that there are real costs to network unbundling as well as benefits: While unbundled access makes it easier for competitors to enter a market immediately, it also diminishes the robustness of competition in the long run by blunting competitors’ incentives to deploy their own facilities and discouraging incumbents from investing and innovating. Congress accordingly limited unbundling to circumstances where its absence would materially harm competition.
- Three years ago, the Commission had no choice but to speculate about which network elements would be prerequisites to competitive entry. Now, by contrast, the Commission can look at the experiences of the CLECs who have actually entered the market using different combinations of self- and incumbent-provided facilities. This real-world track record yields far more accurate information about which incumbent elements competitors truly need to enter the market, and which claimed “impairments” are in fact material, than can the continued abstract speculation of attorneys and economists.

APPLYING “NECESSARY” AND “IMPAIR” TO ADVANCED SERVICES ELEMENTS

DSL SERVICES AND ELECTRONICS

- As a legal matter, only the facilities that an incumbent uses to provide specific local exchange services — “telephone exchange service” and “exchange access” — are potentially subject to unbundling. *See* 47 U.S.C. § 153(26) (defining “local exchange carrier”). The network electronics that U S WEST uses in its DSL service offerings are not used for any-to-any calling *within* a local area that is covered by the exchange service charge, nor are they used to originate or terminate telephone toll calls. *See id.* §§ 153(47) (defining “telephone exchange service”), (16) (defining “exchange access”).
- Moreover, a CLEC is entitled to unbundled network elements *only* for “the provision of a telecommunications service.” *Id.* § 251(c)(3). The most common CLEC DSL-based application is high-speed Internet access, which is an information service.
- Legal hurdles aside, it is impossible to make the necessary *factual* showing that the lack of unbundled access to incumbents’ network electronics has actually impaired CLECs’ ability to offer DSL-based services. The CLECs’ own recent statements (attached to this outline) demonstrate just the opposite: that their DSL rollouts have been extremely successful *notwithstanding* the current lack of unbundling.
- MCI WorldCom. On July 13, 1999, MCI WorldCom announced that it has deployed competitive DSL services in over 1,000 central offices, covering 850 cities in 22 metropolitan areas. The company reported that it is on track to deploy DSL in over 1,500 offices by year’s end and 2,000 by the end of next year.

- Covad. On August 18, 1999, Covad announced that it had completed its Phase One rollout of competitive DSL services to 51 MSAs in 22 regions of the country. Twenty days before, Covad announced it had installed its 20,000th DSL line.
- Rhythms Netconnections. Two days ago, Rhythms announced that it was offering DSL services in its 23rd metropolitan market, and that it would reach 33 markets by year's end 1999 and 50 markets by year's end 2000.
- Northpoint. On July 6, 1999, Northpoint reported that it was providing competitive DSL service in more than 700 cities in 24 metropolitan areas nationwide.
- This robust facilities-based competition in DSL services is not surprising. All a facilities-based DSL provider needs is access to the loop, collocation, a DSLAM, and an ATM.
 - The first two are available under the Commission's rules, and proceedings now underway will ensure that they will continue to be available in the future.
 - DSL electronics are inexpensive, available from many third-party vendors, and easily scalable. As MCI WorldCom conceded in its comments, DSLAMs are "not exorbitantly expensive; a CLEC can purchase off-the-shelf for about \$8,000 to \$20,000 a DSLAM capable of serving 200 to 300 lines." *Comments of MCI WorldCom, Inc.* at 50.
 - As discussed below, ATMs are widely available on a competitive basis.
- Importantly, competition among DSL providers is extremely robust at both the wholesale and the retail levels. Covad, Rhythms, and Northpoint primarily offer wholesale DSL-based services to a broad group of ISPs and networking service providers, who in turn resell these services at retail. In San Francisco, for example, 44 companies resell Covad's DSL services to business customers, and 14 companies resell Covad's residential DSL services. (A list of these providers is attached.)

PACKET AND ATM SWITCHING

- Again, as a legal matter, only the facilities that an incumbent uses to provide specific local exchange services — telephone exchange service and exchange access — are potentially subject to unbundling. Incumbents do not currently use frame or ATM to provide any-to-any calling within a local exchange (telephone exchange service), nor do they use these elements to originate or terminate telephone toll service (exchange access). In fact, incumbents do not currently use packet switches in the PSTN *at all*.

- In its comments, e.spire itself recognized that frame and ATM are not local exchange services. It argued that restricting CLECs' use of unbundled network elements to the provision of local exchange services would bar them from deploying ATM- and frame-based services. The company also acknowledged that these data applications are "used over lines that are separate and distinct from those used by the customer for its voice telephony." *Joint Comments of e.spire Communications, Inc. and Intermedia Communications, Inc.* at 16.
- Concerns about "technological neutrality" are potentially applicable only where different technologies are used to provide the same service. That is not the case for circuit and packet switches. Incumbents do not use circuit switches and packet switches interchangeably, and an incumbent's packet switches are not simply upgraded versions of its circuit switches.
- Incumbents are anything but the dominant source for packet, frame, and ATM elements; on the contrary, the incumbents (especially the BOCs) are *latecomers* to the packet-switched market. ISPs and CLECs have deployed far more packet switches than incumbents, even in the absence of unbundling. *See UNE Fact Report* at I-33. Incumbents have a fraction of the market share for packet-switched services that the CLECs and IXC's do: IDC reports that AT&T, MCI WorldCom, and Sprint (together with acquisitions such as TCG and CompuServe) controlled 90 percent of the ATM market and 74 percent of the frame market last year, compared to 8 percent (ATM) and 15 percent (frame) for the BOCs and GTE. *See Reply Comments of U S WEST, Inc.* at 59.



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MCI WORLDCom DSL DEPLOYMENT REACHES MILESTONE MARK OF 1,000 POINTS OF PRESENCE

EarthLink Reaches Agreement with UUNET to Provide National DSL Services

Fairfax, Va., July 13, 1999-MCI WorldCom today announced it has reached more than 1,000 Points of Presence (PoPs) in its DSL (Digital Subscriber Line) deployment, significantly boosting the company's DSL coverage to 850 cities in 22 metropolitan areas across the United States. The deployment, made available through UUNET, MCI WorldCom's Internet division, provides wide reach within each top-tier metropolitan area and allows more businesses to access affordable broadband service from a nearby location. Already approximately five months ahead of schedule, the company will continue its deployment efforts and plans to bring the number of PoPs to 1,500 by year-end and to 2,000 by the end of next year.

"As the first Internet Service Provider to reach the 1,000 PoP milestone, we can provide DSL to the business and wholesale market with the broadest reach in the industry," said Ralph Montfort, director of product marketing for dedicated services, UUNET. "This announcement demonstrates MCI WorldCom's leadership-role in providing nationwide DSL access."

In a separate announcement today, leading Internet Service Provider EarthLink said that it has entered into an agreement with UUNET to provide consumer-priced DSL nationwide to its members. EarthLink has begun testing in Los Angeles and Boston and will conduct market tests later this year in Dallas, Minneapolis and Charlotte, N.C. EarthLink plans to make the service available in major metropolitan markets by the end of the year.

"UUNET's extensive national DSL network will allow us to offer DSL services to our members on a much broader scale than before," said Jon Irwin, senior vice president of broadband services, EarthLink. "By allowing us to reach such a large part of the country through one provider, we'll significantly cut down on the time it takes to roll service out in different areas and significantly reduce our operations costs."

DSL Offerings

The DSL service for corporate customers, UULinksm DSL, is a fully integrated, end-to-end Internet access solution. Designed to provide all the bandwidth, speed and flexibility necessary to meet mission-critical business demands, UULink DSL is a symmetrical service currently available in bandwidths from 128 Kbps through 768 Kbps.

The DSL consumer service, made available through the company's resellers, is asymmetrical with per-user bandwidth that ranges from 64 Kbps to 384 Kbps upstream and from 384 Kbps to 768 Kbps downstream, depending on such factors as the customer's region and distance from the PoP.

Availability

UUnlink DSL coverage is currently available in Baltimore, Boston, Chicago, Cleveland, Dallas, Los Angeles, New York, Philadelphia, San Diego, San Francisco, Seattle, and Washington. The company plans to reach new cities for UUnlink throughout the rest of the year including Atlanta, Austin, Texas, Ft. Lauderdale, Fla, Detroit, Houston, and Miami in the fourth quarter of 1999.

UUNET DSL service for wholesale customers is available today in 22 metropolitan areas including Atlanta, Baltimore, Chicago, Los Angeles, Miami, and Seattle. Additional markets planned for year-end include Austin, Texas, Cincinnati, Detroit, Orlando, Fla., and St. Louis.

By year-end, MCI WorldCom plans to rollout Enterprise DSL for integrated access to frame relay, ATM and Internet in 13 metropolitan cities, including Boston, Chicago, Dallas, Denver, Houston, Los Angeles, New York, Philadelphia, Phoenix, Pittsburgh, Portland, San Francisco and Seattle.

Pricing

Current promotional pricing for UUnlink DSL starts at \$139 per month for 128 Kbps access and \$189 per month for 384 Kbps access. Internet connectivity and the customer's local loop are included as part of the current pricing program. A complete business-class offering, UUnlink DSL is a multi-user service with end to end proactive monitoring. UUNET installation engineers are assigned to each account for dedicated customer service throughout the installation process and for additional technical support. UUnlink DSL also comes with multiple IP addresses, 20 email boxes, multiple Usenet newsreaders and a domain name.

For the UUNET DSL consumer service to wholesale customers, rates to resellers depend upon volume commitment and chosen service level parameters. End-user prices to consumers are determined by each service provider.

MCI WorldCom Enterprise DSL will offer 10 access speed choices ranging from 128 Kbps to 7 Mbps (where available). Pricing will vary depending on access speed, service level and customer premise equipment type and application. MCI WorldCom Enterprise DSL will include 24 x 7 pro-active monitoring and single circuit support for stand-alone frame relay, ATM, IP and voice applications as well as multiple, integrated services over the same Enterprise DSL access circuit.

For more information about the company's DSL services, go to <http://www.usa.uu.net/products/access/dedicated/dsl/>.

About MCI WorldCom

UUNET, an MCI WorldCom company, is a global leader in Internet communications solutions. MCI WorldCom is a global leader in communications services with 1998 revenues of more than \$30 billion and established operations in over 65 countries encompassing the Americas, Europe and the Asia-Pacific regions. MCI WorldCom is a premier provider of facilities-based and fully integrated local, long distance, international and Internet services. MCI WorldCom's global networks, including its state-of-the-art pan-European network and transoceanic cable systems, provide end-to-end high-capacity connectivity to more than 40,000 buildings worldwide. MCI WorldCom is traded on NASDAQ under WCOM. For more information on MCI WorldCom, visit the World Wide Web at <http://www.wcom.com>.



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Covad Brings DSL to Phoenix Business and Home Users and Completes Its Phase One Roll-Out to 51 of the Top MSAs in the Country.

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Business and home users in the Phoenix area now have a choice when choosing a DSL provider and an alternative to the local telephone company

PHOENIX (August 18, 1999) - Today Covad Communications (Nasdaq: COVD), a leading broadband access and services provider, announced the availability of their Digital Subscriber Line (DSL)-based services in the Phoenix area to local homes and businesses. Covad's service offers customers in the valley an alternative to the local telephone company for high-speed Internet access.

Covad's introduction of Phoenix completes a major milestone for the company as it marks the conclusion of the phase one roll-out of cities which was scheduled to be finished by the end of 1999. Covad's phase one roll-out included expansion into 22 regions encompassing 51 of the top metropolitan statistical areas in the country.

"As Covad's last phase one region to be introduced, Phoenix represents Covad's ability to bring DSL to cities quickly and efficiently," said Bob Roblin, Covad's executive vice president

of marketing. "Being able to provide broadband access to the top 51 MSAs in the country is a high point for the company and we are excited to expand our network even further."

For Phoenix, Covad has established strategic relationships with regional and national Internet Service Providers (ISPs), making it easier to order, install, and manage high-speed Internet access. Currently, Covad's services are available through regional ISPs RMI.NET, Inc. (Nasdaq: RMII, RMIW) (www.rmi.net) and Zyan Communications (www.zyan.com). Covad's services are also available through national ISPs Flashcom Inc. (www.flashcom.com) and Speakeasy Network (www.speakeasy.net).

Currently, Covad's network serves approximately 85% of the businesses and 80% of the homes in the Phoenix area. In addition to the Phoenix metropolitan area, Covad's services will also be available in Scottsdale, Tempe, Mesa, Chandler, Paradise Valley, Peoria, Deer Valley, Glendale, Superstition, Fort McDowell, and Beardsley.

Providing access to the Internet and corporate networks, Covad's DSL services give customers a dedicated and secure connection using the copper phone wires found in businesses and homes today. Because DSL is a high-speed connection that is always available, the need to dial in each time a user wants to browse the Internet or download email is eliminated. Customers are spared the waits commonly associated with dial-up access solutions.

"Covad's breadth of coverage in the Phoenix area ensures that business and home users will be ready for the high-speed future of media-rich applications," said Bob Grant, president and general manager of Covad's Central region. "With broadband, the Internet is a limitless medium."

With data connections up to 50 times faster than 28.8K modems, Covad's TeleSpeed® service is a great solution for businesses. For home users, Covad's TeleSurfer™ service provides users with connections up to 25 times the speed of most dial-up solutions providing a high quality and widely available residential option for high-speed Internet access. TeleSurfer service provides residential users privacy, flexibility and reliability advantages over the services offered through cable companies. Unlike cable companies that use a shared line between neighbors, a connection through Covad is dedicated to a single user through a point-to-point network.

About Covad

Covad Communications Company is a leading provider of high-speed Internet access made possible by offering DSL services to large enterprise customers and through Internet Service Providers to small and medium-sized businesses and home users. Covad services are currently on-line in 22 regions, encompassing 51 Metropolitan Statistical Areas.

Service is available in the San Francisco Bay Area, Los Angeles, Seattle, Sacramento, New York, Boston, Washington D.C., Baltimore, Chicago, Philadelphia, San Diego, Atlanta, Detroit, Minneapolis/St.Paul, Denver, Portland, OR., Raleigh/Durham, Austin, Houston, Dallas/Ft. Worth, Miami, and Phoenix metropolitan areas. Covad Communications Company and its affiliates, doing business as Covad Communications Company, are wholly owned subsidiaries of Covad Communications Group, Inc. (Nasdaq:COVD). Corporate headquarters is located at 2330 Central Expressway, Santa Clara, CA, 95050. Telephone: 1-888-GO-COVAD. Web Site: www.covad.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:

The statements contained in this release, which are not historical facts may be deemed to contain forward-looking statements, including, but not limited to, deployment of the Company's network in new and existing regions and the timing and breadth of coverage in each region. Actual results may differ materially from those anticipated in any forward-looking statements as a result of certain risks and uncertainties, including, without limitation, the Company's dependence on strategic third parties to market and resell its services, intense competition for the Company's service offerings, dependence on growth in demand for DSL-based services, availability of collocation space, loops and facilities, ability to manage and scale operations, and other risks and uncertainties detailed in the Company's Securities and Exchange Commission filings. The Company disclaims any obligation to update information contained in any forward-looking statement.

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Covad Communications Installs 20,000th DSL Line

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With San Francisco installation, Covad meets major industry milestone.

Santa Clara, Calif., (July 29, 1999) - Covad Communications (NASDAQ: COVD), a leading broadband access provider, today announced the installation of its 20,000th DSL (Digital Subscriber Line) line. This announcement places Covad as having the largest number of installed lines for a national provider, evidence of the company's ability to provision high-speed, always-connected DSL services.

This 20,000th milestone represents a growth rate of 133 percent over the end of March 1999 and 413 percent growth from the end of 1998. It highlights Covad's leadership among national providers in its ability to scale with the industry's growth, and the company's success in managing the installation and provisioning process working hand-in-hand with its Internet service providers (ISPs). Currently, Covad's network passes 18 million homes and businesses across the country.

"Covad has the ability to meet growing industry demand with first class services," said Robert E. Knowling, Covad's president and chief executive officer. "DSL is a provisioning

challenge for everyone, but Covad does what it takes to get the job done better than any other company."

Covad's 20,000th line in service is located in San Francisco, California. Alexis Denny, owner of Normandy International, Inc., utilizes Covad's DSL services to help manage her international television sports program distribution business. Ms. Denny has access to DSL through Concentric Network, Corp. (NASDAQ: CNCX), one of Covad's national ISPs.

From her home office in San Francisco, Ms. Denny connects to employees located in New York and Virginia and clients on six continents. In business for nine years, she represents athletes and distributes materials on her 386 kbps DSL line to television stations throughout the world. She upgraded from an ISDN line running at 128 kbps.

"I'm thrilled to be Covad's 20,000th line in service, and I'm sure many more will be right behind me," said Ms. Denny. "If I had known it was this good, I would have been the 20th line. The always-on service and the amazing efficiency of the installation and support are better than I ever received from other types of Internet access."

In addition to running her business on-line, Ms. Denny enjoys the network speed when shopping on-line. With mobility limited due to a recent mountain bike accident, she is using the web to purchase everything from computers to toiletries.

"On-line shopping is something I just won't do at 56k speeds," she said.

Covad's DSL service allows high-speed access to the Internet and corporate networks through the copper phone wires found in businesses and homes today. DSL offers customers a dedicated and secure data connection. Since this high-speed connection is always available, the need to dial in each time a user wants to browse the Internet or download email is eliminated as well as the delays, busy signals and non-connects typical in dial-up service.

About Covad

Covad Communications is a leading broadband access provider of high-speed Internet and network access. It offers DSL services through Internet Service Providers to small and medium-sized businesses and home users, and direct to large enterprise customers. Covad services are currently available in 17 regions, encompassing 40 Metropolitan Statistical Areas (MSA). Service is available in the regions encompassing the San Francisco Bay, Los Angeles, Seattle, Sacramento, New York, Boston, Washington D.C., Baltimore, Chicago, Philadelphia, San Diego, Atlanta, Detroit, Minneapolis/St. Paul, Denver, Portland (OR), and Raleigh/Durham metropolitan areas. Covad has announced its plans to offer its services in a total of 22 regions, which would encompass 51

MSAs nationwide by the end of the year. Covad Communications and its affiliates, doing business as Covad Communications Company, are wholly owned subsidiaries of Covad Communications Group, Inc. (Nasdaq: COVD). Corporate headquarters is located at 2330 Central Expressway, Santa Clara, CA, 95050. Telephone: 1-888-GO-COVAD. Web Site: www.covad.com.

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RHYTHMS DELIVERS DALLAS TELEWORKERS AND BUSINESSES HIGH-SPEED ACCESS TO CORPORATE NETWORKS AND THE INTERNET

DSL-based Solutions Increase Connectivity, Productivity for Remote Offices and Workers

ENGLEWOOD, CO, August 31, 1999 - Beginning today, Dallas-area businesses and their teleworkers and remote offices will be able to obtain Digital Subscriber Line (DSL)-based solutions from Rhythms NetConnections Inc. (Nasdaq: RTHM), a leading provider of high-performance networking solutions for remote access to private networks and the Internet. Rhythms' offering will help vital business groups, such as remote workers, battle the lost productivity that often results from delays in connecting to critical information on their corporate networks and the Internet, as well as access delays to other means of communication, such as the office PBX telephone system.

With the availability of Rhythms' services, Dallas teleworkers and branch offices can now have the same high-speed access to their corporate network and the Internet as though they were on-site at company headquarters. The new service deployment addresses both enterprise and smaller organizations in the area. With its initial deployment plans, Rhythms plans to offer service to at least 70 percent of the businesses and remote workers in the Dallas area.

Rhythms provides managed network services for business and enterprise users, based on "always on" DSL connections ranging in speeds from 128 kbps to 7.1 Mbps (approximately 125 times the speed of today's fastest dial-up modem).

"We believe the exceptional value Rhythms' service offers provides the connectivity and total access solutions that businesses and their important teleworker groups need to stay competitive and productive," said Steve Stringer, Rhythms president and COO. "Rhythms ensures that the fastest access speeds in the industry are combined with a fully managed network to provide the best connectivity solutions available."

Rhythms' availability in Dallas will help meet the area's growing business demand for powerful networking solutions that connect teleworkers, remote offices and businesses to the corporate network and the Internet. Rhythms' comprehensive network combines always on, high-speed transport technologies with network management, integration and installation. The company will offer its services directly to enterprises and to small and medium businesses through channel partners including Internet Service Providers (ISPs), competitive local exchange carriers (CLECs), and network integrators.

Rhythms plans to provide service in 33 metropolitan areas by the end of 1999 and expects expansion to reach 50 metropolitan areas by the end

of 2000. Dallas is the 23rd market to receive Rhythms solutions. Pricing for Rhythms' solutions varies according to network speeds and the type of services individual customers select.

For specific information regarding availability in the Dallas area or other markets, please call 1-800-RHYTHMS.

About Rhythms

Rhythms NetConnections Inc. is an Englewood, Colorado-based business (Nasdaq: RTHM) with commercial services in 23 markets, including San Diego, San Francisco, Oakland/East Bay, San Jose, Sacramento, Los Angeles, Orange County, Chicago, Boston, New York, Philadelphia, Washington, D.C., Detroit, Denver, Seattle, Portland, Baltimore, Raleigh/Durham, Milwaukee, Austin, Minneapolis/St. Paul, Phoenix and Dallas. Chosen by FORTUNE magazine as one of its "Cool Companies for 1999," Rhythms is a provider of high-performance networking solutions for businesses, using DSL technology to provide high-speed remote access to private networks and the Internet. Telecommunications services for Rhythms are provided by Rhythms Links Inc., a wholly owned subsidiary of Rhythms. For more information, call 1-800-RHYTHMS, or visit the Web site at www.rhythms.com.

Public Relations Contact

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This news release may contain forward-looking statements that involve risks and uncertainties. Actual results may differ materially because of various risks. These risks include risks associated with the demand and competition for the services and products to be sold by Rhythms, the continued availability of adequate financing to support our activities, the timing of rollouts in additional regions, the number of potential customers who could access such services, and our dependence on third parties for services such as providing collocation and transmission facilities, providing marketing and sales efforts, and supplying and installing equipment. For an expanded discussion on these and additional risks associated with Rhythms' business, please see the documents filed by Rhythms NetConnections Inc. with the U.S. Securities and Exchange Commission.

NorthPoint

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PRESS RELEASES

GET THE LATEST ON NORTHPOINT'S GROUND-BREAKING SERVICES

Northpoint Establishes First National Dsl Footprint; Expands Network To 24 Major Metro Areas Spanning More Than 700 U.S. Cities And Towns

NorthPoint Network Now Covers All ILEC Territories with Launch of Service in Denver, Phoenix, Portland and Seattle

San Francisco - July 6, 1999 -- NorthPoint Communications today established the only national digital subscriber line (DSL) network with the launch of its award-winning high-speed Internet access service in Denver, Phoenix, Portland, and Seattle. With the launch of service in these major U.S. markets, NorthPoint is the only DSL provider to offer service in all six incumbent local exchange carrier territories. NorthPoint's presence now spans more than 700 cities and towns across 24 metropolitan regions nationwide.

"NorthPoint is the only DSL provider to deliver truly nationwide coverage and this offers our network service provider partners a distinct competitive advantage," said Liz Fetter, NorthPoint's president and chief operating officer. "The demand for DSL-based broadband local access is booming across the U.S. and NorthPoint offers its partners the most expansive network to capitalize on this opportunity."

NorthPoint DSL is available from nearly 150 national and regional network service provider partners nationwide, including Internet service providers, competitive local exchange carriers, long distance carriers, value-added resellers and others. National service providers Flashcom, Frontier, Phoenix Network and PSN.net will offer NorthPoint DSL in each of the four new regions. NorthPoint's high-speed Internet access is available immediately in Denver and Portland. NorthPoint will launch service in Phoenix and Seattle in two weeks. Partners in each region include:

Denver - Flashcom (www.flashcom.com), Frontier (www.frontiercorp.com), ICG Communications (www.icgcom.com), Phoenix Network, PSN.net (www.psn.net) and Verio (www.verio.com).

Phoenix - @Work (www.work.com), Flashcom, Frontier, IXC Communications (www.ixc-comm.com), Phoenix Network and PSN.net (www.psn.net).

Portland - @Work, Flashcom, Frontier, MegaPath (www.megapath.net), Phoenix Network, PSN.net and Verio.

Seattle - Flashcom, Frontier, Phoenix Network, PSN.net and Verio.

NorthPoint DSL is designed to meet the needs of small and midsize business customers as well as home based businesses and telecommuters. According to industry analysts, business adoption of DSL is expected to grow at annual rate of 155 percent with small businesses leading this growth. More than one million small businesses are investing in Internet connectivity every year.

NorthPoint DSL uses standard telephone lines to provide access to the Internet at speeds up to 1.5 Mbps. Once limited to dial-up modem access and speeds of 56 Kbps at best, DSL offers small and midsize businesses "always on" Internet access at speeds that will support advanced applications once reserved only for large businesses that can afford expensive "T-1" connections.

NorthPoint pioneered the use of "symmetric" DSL (SDSL) as the DSL technology of choice among business customers. NorthPoint DSL provides two-way symmetric bandwidth to support the full spectrum of today's "push" and "pull" enterprise applications. SDSL service provides fractional T-1 speeds at a fraction of the cost.

delivers superior network performance, and is easier to configure than ISDN. In addition, businesses can easily migrate to higher speeds as their Internet applications grow and their bandwidth needs increase. NorthPoint's DSL service ideally matches business usage patterns and supports a range of business applications including intranets, extranets, virtual private networks (VPNs), email, electronic commerce, Web hosting, and more.

About NorthPoint

NorthPoint Communications, based in San Francisco, is a national, facilities-based competitive local exchange carrier dedicated to providing affordable, dedicated high-speed Internet access over existing phone lines using digital subscriber line (DSL) technology. The company operates DSL-based local networks in 25 major markets, representing 37 metropolitan statistical areas (MSAs), and intends to expand its service to 28 markets, or 61 MSAs, by the end of 1999. Upon completion of its planned expansion, NorthPoint's DSL network will pass 4 million businesses and 30 million homes. NorthPoint provides DSL-based Internet access service -- at speeds up to 1.5 Mbps, more than 25 times faster than common dial-up modems -- through national and regional Internet service providers, CLECs, long distance carriers, value-added resellers and other partners. For additional information, visit www.northpointdsl.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:

The statements contained in this release which are not historical facts may be deemed to contain forward-looking statements. Such statements are indicated by words or phrases such as "anticipate," "estimate," "projects," "believes," "intends," "expects" and similar words and phrases. Actual results may differ materially from those expressed or implied in any forward-looking statement as a result of certain risks and uncertainties, including, without limitation, the company's dependence on strategic third parties to market and resell its services, intense competition for the company's service offerings, dependence on growth in demand for DSL-based services, ability to raise additional capital and other risks and uncertainties detailed in the company's Securities and Exchange Commission filings. Prospective investors are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any of the forward-looking statements contained herein to reflect future events or developments.

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